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VIA E-MAIL: regcomments@ncua.gov

October 30, 2007

Mary Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

Re: ANPR – 12 CFR Parts 703 & 704 – Permissible Foreign Currency Investments

Dear Ms. Rupp:

In response to the National Credit Union Administration's (NCUA) Advanced Notice of Proposed Rulemaking (APNR) 12 CFR Parts 703 & 704 – Permissible Foreign Currency Investments, Members United Corporate Federal Credit Union (Members United) welcomes the opportunity to provide the following for NCUA's consideration.

Overall, Members United believes it is important to allow natural person credit unions to manage the foreign currency aspects of their depository activities. Management of these deposit accounts would naturally imply some ability to invest in like currency instruments, in-line with the safety and soundness emphasis applied to domestic investments for natural person credit unions. As foreign currency denominated investments alternatives may be limited, it may also be of value to allow natural person credit unions ability to engage in foreign currency hedging transactions.

As is the case in domestic markets, corporate credit unions, may be an effective channel for consolidation of some of these investment/hedging activities for natural person credit unions. The consolidation of such activities, with the requisite infrastructure, at a corporate may thus prove more economically efficient. However, we do not believe foreign currency investment activity or hedging should be used other than to manage balance sheet exposures. Also purchases of such financial instruments should be restricted to those institutions with the intellectual capital and infrastructure resources to understand and manage the risks associated with such investment vehicles.

The ability of a corporate credit union to participate in foreign currency investment has limited relevancy for its own portfolio. However, as a service to credit unions that already, or intend to accept depository obligations (shares or share certificates) denominated in foreign currency, Members United would look to assess the value it could bring to its members in effectively managing the currency risks.

In the case of corporate credit unions, NCUA has provided a framework that requires a corporate to develop its infrastructure to support an application for expanded authorities as provided in NCUA's Rules and Regulations Part 704, under the provisions of Appendix B. The application for, and the ability to maintain, expanded authorities requires a significant investment in risk identification and mitigation tools, securing intellectual capital with the appropriate credentials, extensive and ongoing training for volunteers, management and staff related to the additional authorities, compliance monitoring, reporting and auditing (internal and external).

In consideration of the expanded authority guidance already established by NCUA and its Office of Corporate Credit Unions, Members United recommends that corporate credit unions seeking authority to purchase foreign currency investments follow a similar process to those prescribed in the OCCU's Guidelines for Submission of Requests for Expand Authority. While various portions of Part III and Part IV might be applicable, Members United would recommend that the OCCU draft submission guidelines for an expanded authority category specific to foreign currency investments. This process of approval for such a level of authority would be consistent with the same standards that a corporate must demonstrate in current applications associated with Part 704, Appendix B (e.g., management, staff, systems, compliance, legal and risk assessment).

At a minimum, Members United believes that a corporate seeking authority to engage in foreign currency investments should demonstrate its ability to address the following items. This is in conjunction with the additional criteria already contained within the guidelines for submission requests associated with other levels of expanded authority.

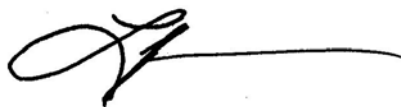
- The economic benefit and risks associated with foreign currency denominated investments should be included within a corporate's net economic value measures, as well as within its operating guidelines to address the potential effects to net interest income and net income.
- Corporates operating with foreign currency denominated instruments (both on- and off-balance sheet) should be required to perform additional testing processes to adhere to thresholds commensurate with the overall risk to the institution.
- Prior approval for expanded authorities Part IV should be required.
- Ability to effectively limit and or manage currency risk well defined guidelines and or through F/X swaps to adhere to established limits.

Members United also supports the ability of credit unions to purchase foreign currency denominated investments assuming the credit union has the necessary expertise and infrastructure associated with understanding and mitigating undesirable risks. While NCUA's Rules and Regulations provide credit unions the ability to issue share accounts denominated in a foreign currency, the ability to manage the related currency risk is extremely limited. Similar to utilizing the guidelines established for a corporate credit union's expanded authority request, Members United believes the investment pilot program is the appropriate method for credit unions to request the ability to purchase foreign currency denominated investments.

The framework for an effective risk mitigation strategy could be accomplished by a credit union building the infrastructure to manage foreign currency risk itself or through a program from a corporate such as Members United, which could aggregate exposures from multiple credit unions and hedge the associated risks.

Members United thanks the NCUA for the opportunity to share its views on the advanced notice of proposed rulemaking. If you have any questions regarding our comments or would like to visit further regarding this matter, please contact us at (800) 782-2431.

Respectfully,

A handwritten signature in dark ink, appearing to be 'L. Harmon', followed by a long horizontal line extending to the right.

Larry Harmon
Chief Risk Officer

Enclosure

CC: Kent Buckham, Director, OCCU
Dan Buckley, Corporate Field Supervisor
Donelle Smith, Capital Markets Specialist
Brad Miller, Executive Director, ACCU
Mike Carter, Compliance Education Specialist, NYSCUL
Leadership Team, Members United Corporate Federal Credit Union